Medicaid Waivers:
The Difficulty of Financing Affordable Assisted Living Units
Overview

- HallKeen Management became licensed under the Massachusetts Medicaid Waiver Program (Group Adult Foster Care- GAFC) for our Section 8 portfolio in 1999

- Demographics would drive the need to provide affordable assisted living services
GAFC program could emerge as platform to create response for the demand in affordable assisted living services.

In 2005, HallKeen purchased the general partnership control in four LIHTC/GAFC financed Assisted Living facilities in Massachusetts.
While HK strongly believes in the need for affordable assisted living, we have struggled in Massachusetts to succeed in this area of affordable housing, due to,

- Operational complexities inherent in the business
- Low Medicaid reimbursement and over burdensome Medicaid regulations
Established 23 years ago with a prime focus on affordable housing

Located primarily in New England; properties also in Mid-Atlantic states, New York, and Florida

Currently has a management portfolio of over 9,000 units of multi-family housing in 133 properties

34 properties with independent living for the elderly
Consists of an additional 439 units of Assisted Living Housing in 7 communities

- **Brigham House** – Watertown, MA
  - 62 Units - Market Rate/LIHTC
- **Cameron House** – Lenox, MA
  - 44 Units - Market/LIHTC
- **Corcoran House** – Clinton, MA
  - 42 Units - Market/LIHTC
- **Prospect House** – Revere, MA
  - 109 Units - Market/LIHTC/Memory Care
- **Susan Bailis** – Boston, MA
  - 82 Units - Market/LIHTC
- **The Highlands** – Providence, RI
  - 65 Units - Market
- **Sunapee Cove** – Sunapee, NH
  - 35 Units - Market
HallKeen Assisted Living
Challenges & Solutions

- **Challenges**
  - Operational difficulties in the first 4 years
    - Our past experience in service enriched IL housing not that helpful
    - Very complex/risky business
  - Regulatory constraints and low Medicaid reimbursement
    - In MA, staffing requirements are overly burdensome
    - Basic reimbursement doesn’t cover costs

- **Solutions**
  - Develop our own skilled operational team
  - Downplay or avoid involvement in the Medicaid/GAFC tier of residents
Opportunities

- The environment we are all working in from a state and national perspective is changing rapidly
  - Obama Care
  - State financial difficulties
  - The pressing demographics
- The Illinois program has really proven that a Medicaid program can work
- The savings in long term care from a robust Medicaid Waiver program are real
Obstacles

- The key issue is convincing bureaucrats and politicians that spending money on a Medicaid Waiver program for assisted living will save long term care Medicaid expenditures.

- Each state has a completely different bureaucratic profile and will require different strategies for an effective Medicaid Waiver program
  - Massachusetts
  - Rhode Island
  - New Hampshire
  - New York

- The stakeholders in each state have different perspectives that need to be managed carefully to secure a strong program
  - Long term care operators
  - National AL operators vs. Housing advocates
Today in Massachusetts...

- Bureaucrats, financial stakeholders and housing advocates are starting to revisit Medicaid Waiver program

- Existing GAFC program could work with,
  - Higher reimbursement levels; $3,000 an important threshold
  - Need base care staffing

- A new legislative program unlikely and revising existing program very difficult

- In the end, it all comes back to how do you sell the long term care savings to the bureaucrats